

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 — 0 0 9

2. STATE:

Wisconsin

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.331

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ -637.8K

b. FFY 2002 \$ -2,627K

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B pages 3 <sup>5, 5a</sup> and 6, <sup>sup 1 to 4.19b</sup> .....

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-B pages 3, 5, and 6

10. SUBJECT OF AMENDMENT:

Rate change for prescription drugs

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

Robert H. Blum

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Peggy B. Handrich

16. RETURN TO:

Peggy B. Handrich  
Administrator  
Division of Health Care Financing  
P.O. Box 309  
Madison, WI 53701-0309

13. TYPED NAME:

Peggy B. Handrich

14. TITLE:

Administrator, Division of Health Care Financing

15. DATE SUBMITTED:

September 28, 2001

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

9-28-01

18. DATE APPROVED:

6/7/02

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/01

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris

21. TYPED NAME:

Cheryl A. Harris

22. TITLE:

Associate Regional Administrator  
Division of Medicaid and Children's Health

23. REMARKS:

**RECEIVED**

SEP 28 2001

DMCH - M/MN/WI

18. Portable x-ray
19. Rehabilitation agencies
20. Personal Care effective 7-1-88
21. AODA Outpatient Services effective 1-1-89
22. AODA Day Treatment Services effective 3-1-89
23. Podiatry Services effective 7-1-90
24. Pediatric and Family Nurse Practitioner Services effective 7-1-90
25. Other Nurse Practitioner and Clinical Nurse Specialist Services effective 7-1-90
26. Community Support Program Services (CSPs) effective 1-1-92
27. Services (other than room and board) designed to encourage completion of regimens of prescribed drugs by outpatients, including services to observe directly the intake of prescribed drugs for TB-infected individuals, effective 7-1-95
28. Drugs (pharmacy)

\* For reimbursement of obstetric and pediatric services, see page 8 of this Attachment. For reimbursement for physician primary care services in a HPSA, see item #15, page 6.

\*\* For reimbursement of high-tech care for children - private duty nursing services see item #19 in this attachment, page 6c.

\*\*\* For reimbursement for trips where more than one recipient is transported at the same time, see item #23, page 16.

TN #01-009  
Supersedes  
TN #96-013

Approval date \_\_\_\_\_

RECEIVED  
SEP 28 2001  
Effective Date 4-1-96  
DMCH - MI/MNA

3. Drugs (Pharmacy)

The Department will establish maximum allowable fees for all covered pharmaceutical items and disposable medical supplies provided to Wisconsin Medicaid recipients eligible on the date of service. Maximum allowable fees may be adjusted to reflect reimbursement limits or limits on the availability of federal funding as specified in federal law (42 CFR 447.331).

All covered legend and over-the-counter drugs will be reimbursed at the lower of the Estimated Acquisition Cost (EAC) of the drug, plus a dispensing fee, or the provider's usual and customary charge.

EAC of legend and over-the-counter drugs will be determined based on the following:

The Department of Health and Family Services' best estimate of prices currently and generally paid for pharmaceuticals. Individual drug cost estimates will be based on either Maximum Allowed Costs (MAC); or discounted published average wholesale prices. Drug prices to which the discounted published average wholesale price applies will be determined by applying an eleven and one quarter (11.25) percent discount to the AWP as listed in the First Data Bank Blue Book.

Drug costs will be calculated based on the package size from which the prescription was dispensed, as indicated by the NDC. The only exceptions are for those drugs for which quantity minimums are specified by federal regulations and for drugs listed on the Wisconsin MAC list.

The maximum allowable dispensing fee shall be based on allowed pharmacy overhead costs and determined by various factors, including data from previous cost of dispensing surveys, the Wisconsin State Legislature's Medicaid budgetary constraints, and other relevant economic limitations.

The maximum allowable fees for disposable medical supplies shall be established upon a review of various factors. These factors include a review of usual and customary charges submitted to Wisconsin Medicaid; cost, payment and charge information from companies that provide disposable medical supplies; Medicaid payment rates from other states; and the current Medicare fee schedule. Other factors taken into consideration include the Wisconsin State Legislature's Medicaid budget constraints, limits on the availability of federal funds as specified in federal law, and other relevant economic and reimbursement limitations. Maximum allowable fees may be adjusted periodically.

3. Drugs (Pharmacy) (continued)

Providers are required to bill their usual and customary charges for pharmacy services provided. The usual and customary charge is the amount charged by the provider for the same service when provided to non-Medicaid patients. For providers using a sliding fee scale for specific services, the usual and customary charge is the median of the individual provider's charge for the service when provided to non-Medicaid patients. Wisconsin Medicaid reimbursement, less appropriate copayments and payments by other insurers, will be considered to be payment in full.

Providers are required to bill their usual and customary charges for disposable medical supplies. Covered supplies shall be reimbursed at the lower of the provider's usual and customary charge or the maximum allowable fee established by the Department. Medicaid reimbursement, less appropriate copayments and payments by other insurers, will be considered to be payment in full.

The Department will adjust payments made by providers to reflect the amounts of any allowable copayments which the providers are required to collect pursuant to Chapter 49, Wisconsin Statutes.

Payments for deductible and coinsurance payable on an assigned Medicare claim shall be made in accordance with Section 49.46(2)(c), Wisconsin Statutes.

In accordance with Federal regulations contained in 42 CFR 447.205, the Department will provide public notice in advance of the effective date of any significant proposed change in its methods and standards for setting maximum allowable fees for services.

Additional information about rates and dispensing fees are found in Supplement 1 to Attachment 4.19-B.

~~Multiple levels of dispensing fees will be allowed based on time and complexity of the professional activity. The maximum allowed reimbursement for each level of dispensing fee will comply with 42 CFR 447.331 and will be determined based on the following:~~

- ~~a. Professional time based on statewide survey of pharmacists' salaries.~~
- ~~b. Complexity of the activity required for dispensing the drug based on National Council of Prescription Drug Plans (NCPDP) standards and Wisconsin experience.~~
- ~~c. Allowed pharmacy overhead costs, such as materials, bottles, labels, rent, heat, lights, non professional salaries.~~
- ~~d. Other relevant factors.~~

## Wisconsin Medicaid Maximum Allowed Pharmacy Dispensing Fee Schedule<sup>1</sup>

<b>Per-Prescription Drug Payment Reduction</b> (Effective 07/01/95)	\$0.50/prescription dispensed
<b>Traditional Dispensing Fee</b> (Effective 07/01/98)	\$4.88
<b>Unit Dose Dispensing Fee<sup>2</sup></b> (Effective 07/01/98)	\$6.94
<b>Dispensing Allowance for Re-Packaging</b> (Effective 04/01/97)	\$0.015/unit
<b>Injectible Syringe Prefill Allowance</b> (88888-0000-07)	\$1.20/unit

*Note:* One unit is one syringe.

**Estimated Acquisition Cost (EAC) Calculation** (Effective 07/01/90)  
Legend Drugs and Covered Over-the-Counter (OTC) Drugs

Average Wholesale Price  
minus 11.25% or Maximum Allowed  
Cost (MAC)

### Compound Drug, Time Allowance

<u>Level</u>	<u>Time</u>	<u>Fee</u>
11	0-5 minutes	\$ 9.45
12	6-15 minutes	\$14.68
13	16-30 minutes	\$22.16
14	31-60 minutes	\$22.16
15	61+ minutes	\$22.16

### Pharmaceutical Care Dispensing Fees

<u>Level</u>	<u>Time</u>	<u>Fee</u>
11	1-5 min.	\$ 9.45
12	6-15 min.	\$14.68
13	16-30 min.	\$22.16
14	31-60 min.	\$40.11
15	61+ min	\$40.11

- 1 Providers must bill Wisconsin Medicaid at an amount not in excess of the usual and customary charge billed to non-Medicaid recipients for the same service.
- 2 Unit dose fee is only available for qualified unit dose systems.